

ESTTA Tracking number: **ESTTA748046**

Filing date: **05/23/2016**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91226463
Party	Defendant Advanced Charging Technologies, Inc.
Correspondence Address	LINDA M NORCROSS HOWARD & HOWARD ATTORNEYS PLLC 450 W 4TH ST ROYAL OAK, MI 48067-2557 UNITED STATES ssb@h2law.com, ipdocket@h2law.com, ag@h2law.com, lmn@h2law.com;scc@h2
Submission	Opposition/Response to Motion
Filer's Name	Stephanie S. Buntin
Filer's e-mail	ssb@h2law.com, ag@h2law.com, ipdocket@h2law.com
Signature	/Stephanie S. Buntin/
Date	05/23/2016
Attachments	Opp MTS.pdf(186514 bytes )

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

INTEL CORPORATION,  Opposer,  v.  ADVANCED CHARGING TECHNOLOGIES, INC.,  Applicant.	<b>Opposition No. 91226463</b>  Mark: TRONIUM INSIDE Serial No.: 86/309735 Filing Date: April 24, 2015
--	--

**OPPOSITION IN RESPONSE TO MOTION TO STRIKE AFFIRMATIVE DEFENSES**

Applicant Advanced Charging Technologies, Inc. hereby opposes *Opposer Intel Corporation's Motion to Strike Affirmative Defenses* (the "Motion"), filed on May 2, 2016 with the Trademark Trial and Appeal Board (the "Board").

The Motion requests that the Board strike Applicant's four affirmative defenses listed in the Answer, namely:

1. Opposer has engaged in trademark misuse and trademark intimidation by abusively using threats of litigation in an attempt to establish a predominant market advantage, and to enforce its alleged trademark rights beyond reasonable interpretation of the scope of any rights that might have been legitimately granted to Opposer as a trademark owner.
2. The common element in Opposer's asserted registrations, "INSIDE", is merely descriptive of Opposer's goods/services and has not acquired secondary meaning.
3. On information and belief, Opposer has failed to continuously use its PENTIUM INSIDE and/or ITANIUM INSIDE marks in commerce, resulting in abandonment of any rights it allegedly acquired in the marks.

4. None of Opposer's asserted marks is a famous mark under the Lanham Act. Registration of the TRONIUM INSIDE mark would not cause harm and/or dilution to a famous mark.

For at least the following reasons, Applicant respectfully requests that the Board deny the Motion in its entirety. In the event that the Board determines any of Applicant's asserted affirmative defenses are insufficiently pleaded in the Answer, Applicant respectfully requests leave to amend the Answer to correct any such deficiencies.

**I. MOTIONS TO STRIKE AFFIRMATIVE DEFENSES ARE DISFAVORED BY THE BOARD.**

"Motions to strike are not favored, and matter will not be stricken unless it clearly has no bearing upon the issues in the case." TBMP § 506.01. "The Board, in its discretion, may decline to strike even objectionable pleadings where their inclusion will not prejudice the adverse party, but rather will provide fuller notice of the basis for a claim or defense. A defense will not be stricken as insufficient if the insufficiency is not clearly apparent, or if it raises factual issues that should be determined on the merits." *Id.*

Here, the Motion should be denied because (1) the asserted affirmative defenses are legally sufficient; and (2) even if one or more of the asserted affirmative defenses is determined to be insufficient, Opposer will not be prejudiced by their inclusion in the Answer.

**II. APPLICANT'S AFFIRMATIVE DEFENSES ARE LEGALLY COGNIZABLE AND ADEQUATELY PLEADED.**

**A. Trademark Misuse**

**1) Trademark Misuse is a Proper Affirmative Defense.**

Opposer incorrectly states that trademark misuse is not a cognizable affirmative defense in trademark cases. On the contrary, trademark misuse is *only* recognized as an affirmative defense, although it may not form the basis for an independent cause of action or affirmative claim for

recovery. See, e.g., *Santander Consumer USA Inc. v. Walsh*, 762 F. Supp. 2d 217, 239 (D. Mass. 2010)(“It is well settled that ‘trademark misuse is purely an affirmative defense and does not form the basis for an affirmative claim for recovery.’” (citing 6 Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 31.44 (4th ed. 2008) (comma omitted)); *Dunn Computer Corp. v. Loudcloud, Inc.*, 133 F.Supp.2d 823, 831 (E.D.Va.2001) (“[a]uthority is uniform in allowing trademark misuse only as an affirmative defense to a trademark infringement action”); *Whitney Information Network, Inc. v. Gagnon*, 353 F.Supp.2d 1208, 1212 (M.D.Fla.2005).

Opposer misunderstands the cases it cites in support of the contention that trademark misuse is not a cognizable affirmative defense. In *Nw. Corp. v. Gabriel Mfg. Co., No. 95 C 2004*, 1998 WL 525431, at \*8 (N.D. Ill. Aug. 19, 1998), the court did not state that trademark misuse is not a legally cognizable defense, but rather stated that it “is reticent to even acknowledge the [trademark misuse] defense’s existence. *In the event that it is valid*, though, the motion shall be considered under the standard outlined above.” *Id.* (emphasis added).

Moreover, even though the *Nw. Corp.* court does not invalidate trademark misuse as an affirmative defense, it fundamentally misunderstands and misapplies the law. Citing *Juno Online Servs., L.P. v. Juno Lighting, Inc.*, 979 F.Supp. 684 (N.D.Ill.1997), the court states:

The main difficulty with the present motion seems to be that the defense of trademark misuse is a phantom defense. In their memorandum, Defendants state that “the misuse defense has ... enjoyed a substantial history in the field of trademarks.” *Juno*, 979 F.Supp. at 687. What they do not reveal is that the *Juno* court's documentation of this history concluded with serious reservations about the defense’s validity. *Id.* at 687–90.

*Nw. Corp.*, 1998 WL 525431, at \*5.

On the contrary, the court in *Juno* unequivocally stated that “[t]he **misuse defense** has also enjoyed a substantial history in the field of trademarks,” but recognized that “courts have taken different approaches in applying the defense in this field.” *Juno Online Servs.*, 979 F. Supp. at 688

(emphasis added). The *Juno* court correctly notes that “**misuse as an affirmative claim** has been scarce at best” and “since plaintiff has failed to point the court to a single case in which an American court has used trademark misuse affirmatively, **the court is quite skeptical to allow an affirmative claim for trademark misuse.**” *Id.* at 688, 690 (emphasis added).

Both Opposer and the *Nw. Corp.* court improperly conflate trademark misuse as an affirmative *defense* with trademark misuse as an affirmative *claim*. The former is legally cognizable, whereas the latter is not. Here, Applicant has properly asserted trademark misuse as an affirmative defense, not an affirmative claim for relief.

For at least the foregoing reasons, Applicant submits that the trademark misuse defense is a proper affirmative defense.

## **2) Applicant’s Affirmative Defense of Trademark Misuse Is Adequately Pleaded.**

“An answer may also include a short and plain statement of any defenses, including affirmative defenses that the defendant may have to the claim or claims asserted by the plaintiff.” TBMP § 311.02(b). “The elements of a defense should be stated simply, concisely, and directly. However, the pleading should include enough detail to give the plaintiff fair notice of the basis for the defense.” *Id.* Evidentiary matters should not be pleaded in an answer because “[t]hey are matters for proof, not for pleading.” *Id.*

For the proposition that the affirmative defense of trademark misuse, as pleaded, provides insufficient notice to Opposer, Opposer cites to a non-precedential Board order granting a motion to strike “trademark bullying” as an affirmative defense. Notably, the affirmative defense was pleaded without mention of “trademark misuse”. The affirmative defense read as follows:

55. Opposer is engaged in the practice of “trademark bullying” which is described as a trademark owner that uses its trademark rights to harass and intimidate another business beyond what the law might reasonably be interpreted to allow.

56. Applicant is a small business that is harmed by Opposer's litigation tactics wherein Opposer is attempting to enforce their alleged trademark rights beyond a reasonable interpretation of the scope of the rights legitimately granted to the trademark owners.

Importantly, the Board did not deny that trademark misuse is a valid affirmative defense. Rather, the Board merely stated that the defense, *i.e.*, "trademark bullying", "is irrelevant to our consideration of Opposer's claims in this proceeding" without any further elaboration. *Intel Corporation v. 5 Bars Inside*, Opposition No. 91216117, at 3. Thus, Opposer's reliance on this case is inappropriate because the Board's decision to strike the affirmative defense appears to have been based solely on the relevancy of the defense, rather than the adequacy with which it was pleaded.

The second Board order relied upon by Opposer, *Chanel, Inc. v. Mauriello*, Opposition No. 91168097, note 2 at 4, was a Board decision on the merits rather than an order on a motion to strike an affirmative defense. The Board noted that "[t]he equitable defenses of waiver, laches, estoppel, acquiescence, fair use, fraud, misuse, mistake, prior registration and unclean hands were not adequately pleaded and, moreover, defendant did not submit evidence or argument on these defenses." Therefore, the Board's determination not to consider the affirmative defenses involved more than a mere deficiency of the pleadings. Rather, discovery and all argument on the case had closed without the applicant providing any arguments or evidence on the affirmative defenses. As such, the Board properly declined to consider them at the final stage of the proceedings.

Here, on the other hand, Applicant has specifically pleaded "trademark misuse", which is a recognized affirmative defense. Moreover, Applicant submits that the affirmative defense of trademark misuse was adequately pleaded in the Answer. Specifically, Applicant provided a "short and plain statement of the defense", as required by TBMP § 311.02(b), namely: that Opposer has engaged in conduct including (1) abusively using threats of litigation in an attempt to establish a predominant market advantage, and (2) enforcing its alleged trademark rights beyond reasonable

interpretation of the scope of any rights that might have been legitimately granted to Opposer as a trademark owner. At this stage of the proceedings, the allegations asserted in the affirmative defense are sufficient to place Opposer on fair notice of Applicant's defenses. § 1274 Pleading Affirmative Defenses, 5 Fed. Prac. & Proc. Civ. § 1274 (3d ed.)("As numerous federal courts have held, an affirmative defense may be pleaded in general terms and will be held to be sufficient, and therefore invulnerable to a motion to strike, as long as it gives the plaintiff fair notice of the nature of the defense. The only exceptions are the defenses that fall within the special pleading provisions in Rule 9 ...."). Moreover, there is no agreement amongst federal courts that affirmative defenses are held to the heightened pleading requirement of *Bell Atlantic v. Twombly* and *Ashcroft v. Iqbal*. See, e.g., *Lane v. Page*, 272 F.R.D. 581, 591 (D.N.M. 2011)("Neither the text of the rules nor the Supreme Court's decisions in *Bell Atlantic v. Twombly* and *Ashcroft v. Iqbal* require the Court to extend the pleading standard from those cases to affirmative defenses. Moreover, the Court concludes that pragmatic concerns weigh against requiring defendants to plead factual allegations supporting affirmative defenses."); Cf., e.g., *HCRI TRS Acquirer, LLC v. Iwer*, 708 F. Supp. 2d 687, 690-91 (N.D. Ohio 2010)("District courts have been divided as to whether *Twombly* and *Iqbal* apply to all pleadings, including affirmative defenses contained in an answer, or if they only govern complaints. Some have relied on the difference in wording between Civil Rule 8(a) and Civil Rule 8(b) & (c) to hold that the heightened pleading requirements do not apply to affirmative defenses. [ . . . ] Similarly, some courts have directly relied on the language of *Twombly* and *Iqbal* to limit their holdings to complaints. [ . . . ] In contrast, other courts have focused on the underlying rationale used by the Supreme Court as a justification for extending the holdings of *Twombly* and *Iqbal* to affirmative defenses. [ . . . ] This Court is of the latter view.").

Applicant submits that further information provided in the Answer (*e.g.*, citing to or providing copies of proceedings involving Opposer's attempts to enforce its rights in its asserted marks beyond a reasonable scope and/or gain an unfair competitive advantage in the marketplace) would have been matters for proof, not for pleadings, and thus would have been inappropriate to include in the Answer.

**B. Descriptiveness, Abandonment, and Lack of Fame.**

Opposer asks the Board to strike the remaining affirmative defenses, namely, descriptiveness, abandonment, and lack of fame of Opposer's asserted marks, on the basis that they "merely reiterate some of [Applicant's] denials, instead of asserting defenses to a properly plead claim." Motion at 7. Applicant submits that the affirmative defenses are valid affirmative defenses that are not redundant of Applicant's denials. "Affirmative defenses may include unclean hands, laches, estoppel, acquiescence, fraud, mistake, prior registration (*Morehouse*) defense, prior judgment, or *any other matter constituting an avoidance or affirmative defense.*" TBMP § 311.02(b)(emphasis added). Applicant submits that descriptiveness, abandonment, and lack of fame are all affirmative defenses that would serve to defeat the claims and avoid the relief sought by Opposer in its Notice of Opposition.

Nevertheless, in the event that the asserted affirmative defenses are not considered free-standing defenses but rather elaborations of the denials contained in the Answer, affirmative defenses which are merely amplifications of denials should not be stricken: "Inasmuch as the primary purpose of pleadings under the Federal Rules of Civil Procedure is to give fair notice of the claims or defenses asserted, the Board may decline to strike even objectionable pleadings where their inclusion will not prejudice the adverse party, but rather will provide fuller notice of the basis for a claim or defense." *Castro v. Cartwright*, Opposition No. 91188477, at 3 (citing *Order of Sons of Italy in America v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1223 (TTAB



1995) (amplification of applicant's denial of opposer's claims not stricken)). More specifically, in *Castro*, the Board declined to strike an affirmative defense of abandonment, stating that the affirmative defense "involve[s] an absence of proprietary rights in an alleged mark, provide[s] opposer with notice of applicant's position with respect to opposer's claim of priority and, thus, primarily function to amplify applicant's denial of opposer's claim of likelihood of confusion and do not prejudice opposer." *Id.* at 8.

Therefore, insofar as the allegations regarding descriptiveness, abandonment, and/or lack of fame of Opposer's marks are considered to be mere amplifications of Applicant's denials, they should not be stricken from the Answer because they provide further notice to Opposer of Applicant's positions and intended arguments.

### **III. OPPOSER WILL NOT BE PREJUDICED BY THE INCLUSION OF THE ASSERTED AFFIRMATIVE DEFENSES.**

For all of the reasons set forth above, Applicant submits that the affirmative defenses of trademark misuse, descriptiveness, abandonment, and lack of fame are proper affirmative defenses that have been pleaded with sufficient specificity to give fair notice to Opposer. Opposer states that if the affirmative defenses are not stricken, it will be "prejudiced by engaging in needless and burdensome discovery and spending time and resources on the issue." Motion at 9. That Opposer will have to "spend time and resources" on an issue in a proceeding that Opposer itself initiated is not a valid reason to strike Applicant's affirmative defenses. Moreover, Opposer does not state how or why discovery on any or all of these affirmative defenses would be "needless" or "burdensome". On the contrary, Applicant is entitled to fully defend itself in this proceeding, including asserting all available and relevant defenses. Opposer's belief that discovery on these issues would be burdensome is unfounded and premature, as there have been no discovery requests served on or by either party on any issue to date.

However, to the extent that the Board requires a more detailed statement of one or more of the affirmative defenses, Applicant seeks leave of the Board to amend the Answer accordingly. “The Board liberally grants leave to amend pleadings at any stage of a proceeding when justice so requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party or parties.” TBMP § 507.02. Amendment to the Answer at this early stage of the proceedings would not be prejudicial to the Opposer, particularly because discovery has not yet commenced and Applicant seeks only to clarify existing affirmative defenses, not to add new affirmative defenses.

#### IV. CONCLUSION

For at least the foregoing reasons, Applicant respectfully requests denial of the Motion. In the event that the Board determines one or more of the asserted defenses has been insufficiently pleaded by Applicant, Applicant respectfully requests leave to amend the Answer to correct any such deficiency.

Respectfully submitted,  
HOWARD & HOWARD ATTORNEYS PLLC

Dated: May 23, 2016

By: /s/Stephanie S. Buntin  
**Stephanie S. Buntin** (NV Bar No. 12339)  
**W. West Allen** (NV Bar No. 5566)

450 West Fourth Street  
Royal Oak, Michigan 48067-2557  
Phone: (702) 257-1483 | Fax: (702) 567-1568  
Email: ssb@h2law.com; ipdocket@h2law.com

***Attorneys for Advanced Charging  
Technologies, Inc.***

#### CERTIFICATE OF ELECTRONIC TRANSMISSION

DATE OF DEPOSIT: May 23, 2016

I hereby certify that this correspondence is being transmitted to the United States Patent and Trademark Office Trademark Trial and Appeal Board using the Electronic System for Trademark Trials and Appeals (ESTTA) on the date indicated above.

/s/ Stephanie S. Buntin  
Stephanie S. Buntin

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of this paper was deposited with the United States Postal Service as first class mail, postage prepaid, on the 23<sup>rd</sup> of May, 2016, to the following address:

Bobby Ghajar and Marcus Peterson  
PILLSBURY WINTHROP SHAW PITTMAN LLP  
725 S. Figueroa St., Suite 2800  
Los Angeles, CA 90017

/s/ Stephanie S. Buntin  
\_\_\_\_\_  
Howard & Howard Attorneys PLLC